



Economic Impact Analysis Virginia Department of Planning and Budget

2 VAC 5-60 – Rules and regulations Governing the Operation of Livestock Markets Department of Agriculture and Consumer Services June 11, 2001

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 9-6.14:7.1.G of the Administrative Process Act and Executive Order Number 25 (98). Section 9-6.14:7.1.G requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. The analysis presented below represents DPB's best estimate of these economic impacts.

Summary of the Proposed Regulation

The proposed regulations will remove (i) the requirement for testing cattle for brucellosis disease in livestock markets, and (ii) the requirement for the continuous presence of a state veterinarian's representative in the livestock market during the market's operation.

Estimated Economic Impact

The proposed regulations will remove the requirement for testing cattle for brucellosis disease in livestock markets. Brucellosis is a bacterial infection of cattle, which results in decreased milk production, weight loss in animals, loss of young, infertility, and lameness and causes undulant fever in humans. Under the current regulations, all adult cattle offered for sale at a livestock market must be tested for brucellosis by a representative of the state veterinarian. The Virginia Department of Agriculture and Consumer Services (the agency) believes that the required testing of cattle in markets is no longer necessary because no case of brucellosis has been identified in Virginia since 1988. It is also unlikely that this disease will be imported from

outside Virginia since there are only three states in the United States that have not been declared brucellosis free by the U.S. Department of Agriculture.¹ In addition, the agency indicated that cattle imports to the Commonwealth are relatively low. This further reduces the likelihood of importing the disease from outside sources. More importantly, collection of blood samples from identified cattle at slaughter, testing of milk samples from dairies, and other epidemiological methods are expected to provide adequate disease surveillance for brucellosis.²

In Virginia, it has been the practice for the seller of cattle to pay a testing fee for brucellosis. The test fee is charged by the agency to cover the labor costs and the U.S. Department of Agriculture provides the test kit free of charge. The testing fee is \$3 per head; about 52,471 cattle were tested for brucellosis in the last year. Thus, the proposed regulations are expected to provide about \$157,413 in cost savings to the sellers of cattle in the Commonwealth and reduce the test fees collected by the agency by an equal amount.

Removing the testing requirement for brucellosis will reduce the costs for the suppliers by three dollars per head of cattle. Holding other factors constant, the market price of cattle is likely to decrease by less than three dollars. Although the suppliers will initially realize the three-dollar costs savings, the three-dollar per head is likely to be shared between the sellers and buyers in the market. Also, the condition of the cattle traded as well as the safety of the market operators is expected to improve because of the reduced handling of the cattle for testing. Bruising of animals occurs when they are put through a chute to collect the blood samples. Finally, reducing stress to animals may help prevent exacerbation of other diseases by strengthening their immune system.

In addition, the proposed regulations will delete the requirement for the continuous presence of a state veterinarian's representative in livestock markets during the market's operation. Since testing requirement for brucellosis is proposed to be eliminated, the presence of a state veterinarian's representative in the market throughout the entire time will be unnecessary. However, the representative will continue to monitor the market for animal diseases, and for facility construction soundness to ensure that the buildings, pens, alleys, and equipment are

¹ States are designated brucellosis free when none of their cattle or bison is found to be infected for 12 consecutive months under an active surveillance program. Currently, only Texas, Florida, and Missouri are not brucellosis free.

² Source: The Virginia Department of Agriculture and Consumer Services

adequate to safely contain the animals processed and traded in the markets. The agency expects to save about 84 hours staff time weekly, and plans to use these approximately two full time equivalent personnel to improve the other aspects of the agency responsibilities for disease control and eradication in the Commonwealth. These responsibilities may include garbage inspections, horse show contacts for Equine Infectious Anemia, pet shop inspections, and pound and shelter inspections.

Provided that the increased risks of brucellosis in the Commonwealth is minimal without the testing requirement, the proposed amendments to the regulations are likely to produce a net benefit for the Commonwealth.

Businesses and Entities Affected

The proposed regulations are expected to affect approximately 30 livestock market operators, about 10,000 livestock producers, and 235 cattle dealers in Virginia.

Localities Particularly Affected

The proposed regulations apply throughout the Commonwealth.

Projected Impact on Employment

Although the agency expects to free up approximately two full time equivalent staff time because of proposed regulations, the services of these personnel are likely to be utilized to improve other agency responsibilities. Thus, no significant effect on employment is expected.

Effects on the Use and Value of Private Property

The proposed regulations are likely to reduce the market price of cattle in livestock markets by a small amount (less than three dollars per cattle). However, the suppliers are likely to receive a slightly higher price relative to what they are currently receiving, and buyers are likely to pay a slightly lower price relative to what they are currently paying. In other words, the three-dollar test fee collected by the agency is likely to be shared between cattle sellers and buyers. Thus, both buyers and sellers are likely to experience a small increase in the value of cattle business they own.